

Ideal Standard Scandinavia ApS
Fynsvej 9, 5500 Middelfart

Company reg. no. 20 89 44 82

Annual report

1 January - 31 December 2020

The annual report was submitted and approved by the general meeting on the 22 June 2021.

Yaroslav Donchev
Chairman of the meeting

Notes to users of the English version of this document:

- This document is a translation of a Danish version of the document. In the event of any dispute regarding the interpretation of any part of the document, the Danish version of the document shall prevail.
- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points remain unchanged from Danish version of the document. This means that EUR 146.940 corresponds to the English amount of EUR 146,940, and that 23,5 % corresponds to 23.5 %.

Contents

	<u>Page</u>
Reports	
Management's report	1
Independent auditor's report	2
Management commentary	
Company information	5
Financial highlights	6
Management commentary	7
Financial statements 1 January - 31 December 2020	
Accounting policies	8
Income statement	12
Statement of financial position	13
Statement of changes in equity	15
Notes	16

Management's report

Today, the board of directors and the managing director have presented the annual report of Ideal Standard Scandinavia ApS for the financial year 1 January - 31 December 2020 of Ideal Standard Scandinavia ApS.

The annual report has been presented in accordance with the Danish Financial Statements Act.

We consider the accounting policies appropriate and, in our opinion, the financial statements provide a fair presentation of the company's assets, equity and liabilities, and financial position at 31 December 2020 and of the company's results of activities in the financial year 1 January – 31 December 2020.

We are of the opinion that the management commentary presents a fair account of the issues dealt with.

We recommend that the annual report be approved by the general meeting.

5500 Middelfart, 22 June 2021

Managing Director

Yaroslav Donchev

Board of directors

Yaroslav Donchev
chairman

Sune Moesby Jørgensen

Bente Poulsen

Independent auditor's report

To the shareholder of Ideal Standard Scandinavia ApS

Opinion

We have audited the financial statements of Ideal Standard Scandinavia ApS for the financial year 1 January - 31 December 2020, which comprise accounting policies, income statement, statement of financial position, statement of changes in equity and notes. The financial statements have been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements present a fair view of the company's assets, equity and liabilities, and financial position at 31 December 2020 and of the results of the company's activities for the financial year 1 January - 31 December 2020 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with international standards on auditing and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the section "Auditor's responsibilities for the audit of the financial statements". We are independent of the company in accordance with international ethical requirements for auditors (IESBA's Code of Ethics), and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of financial statements that provide a fair view in accordance with the Danish Financial Statements Act. Management is also responsible for such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report including an opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with international standards on auditing, and the additional requirements applicable in Denmark, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Independent auditor's report

As part of an audit conducted in accordance with international standards on auditing, and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's preparation of the financial statements using the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists arising from events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and contents of the financial statements, including disclosures in notes, and whether the financial statements reflect the underlying transactions and events in a manner that presents a fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in the internal control that we identify during our audit.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on and the financial statements does not cover the management commentary, and we express no assurance opinion thereon.

Independent auditor's report

In connection with our audit of the financial statements, it is our responsibility to read the management commentary and to consider whether the management commentary is materially inconsistent with the financial statements or the evidence obtained during the audit, or whether it otherwise appears to contain material misstatement.

Furthermore, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we believe that management commentary is consistent with the financial statements and that it has been prepared in accordance with the provisions of the Danish Financial Statement Act. We did not discover any material misstatement in the management commentary.

Trekantområdet, 22 June 2021

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab
Company reg. no. 33 77 12 31

Lars Almskou Ohmeyer
State Authorised Public Accountant
mne24817

Company information

The company	Ideal Standard Scandinavia ApS Fynsvej 9 5500 Middelfart
	Phone +45 75841010 Web site www.idealstandard.dk
	Company reg. no. 20 89 44 82 Domicile: Middelfart Financial year: 1 January - 31 December
Board of directors	Yaroslav Donchev, chairman Sune Moesby Jørgensen Bente Poulsen
Managing Director	Yaroslav Donchev
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Herredsvej 32 DK-7100 Vejle
Bankers	Danske Bank

Financial highlights

EUR in thousands.	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Income statement:					
Gross profit	936	1.064	1.030	1.128	1.067
Profit from operating activities	127	164	195	193	166
Net financials	45	-13	-19	-30	4
Net profit or loss for the year	131	108	128	125	130
Statement of financial position:					
Balance sheet total	3.940	4.261	3.937	4.139	3.822
Equity	2.781	2.650	2.542	2.415	2.290
Employees:					
Average number of full-time employees	9	10	11	12	11
Key figures in %:					
Return on assets	3,2	3,8	5,0	4,7	4,3
Solvency ratio	70,6	62,2	64,6	58,3	59,9
Return on equity	4,8	4,2	5,2	5,3	5,8

Calculations of key figures and ratios follow the recommendations of the Danish Association of Finance Analysts.

Management commentary

The financial statements of Ideal Standard Scandinavia ApS for 2020 have been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B.

Key activities

The main activity of the Company is sales of sanitary fittings under the Børma brand name to plumbing wholesalers in Denmark.

The Company's products are produced by the parent company Ideal Standard International NV and its subsidiaries in Germany and Bulgaria.

Development in activities and financial matters

The income statement of the Company for 2020 shows a profit of EUR 173.562 and at 31 December 2020 the balance sheet of the Company shows an equity of EUR 2.823.666.

The past year and follow-up on development expectations from last year

Net profit for the year 2020 is considered satisfactory and it is our assessment that the Company has retained its market position in the Company's core market in Denmark in 2020.

Unusual events

The consequences of Covid-19 where many of the world's governments have chosen to lock-down countries will have great impact on the global economy. Ideal Standard Scandinavia ApS is exposed towards associated risks through global supply and customer demand. In 2020 Ideal Standard Scandinavia ApS experienced significant business impact caused by Covid-19.

Accounting policies

The annual report for Ideal Standard Scandinavia ApS has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class B enterprises.

The accounting policies are unchanged from the previous year, and the annual report is presented in euro (EUR).

Recognition and measurement in general

Income is recognised in the income statement concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs are recognised in the income statement, including depreciations amortisations, writedowns for impairment, provisions, and reversals due to changes in estimated amounts previously recognised in the income statement.

Assets are recognised in the statement of financial position when it seems probable that future economic benefits will flow to the Company and the value of the asset can be reliably measured.

Liabilities are recognised in the statement of financial position when it is seems probable that future economic benefits will flow out of the Company and the value of the liability can be reliably measured.

Assets and liabilities are measured at cost at the initial recognition. Hereafter, assets and liabilities are measured as described below for each individual accounting item.

Foreign currency translation

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials. If currency positions are considered to hedge future cash flows, the value adjustments are recognised directly in equity in a fair value reserve.

Receivables, payables, and other foreign currency monetary items are translated using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or initial recognition in the latest financial statements of the receivable or payable is recognised in the income statement under financial income and expenses.

Fixed assets acquired and paid for in foreign currency are measured at the exchange rate prevailing at the date of the transaction.

Income statement

Gross profit

With reference to section 32 of the Danish Financial Statements Act, gross profit comprises the revenue, costs of raw materials and consumables, other operating income and external costs.

Accounting policies

The enterprise will be applying IAS 11 and IAS 18 as its basis of interpretation for the recognition of revenue.

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

Services are recognised at the rate of completion of the service to which the contract relates by using the percentages-of-completion method, which means that revenue equals the selling price of the service completed for the year. This method is applied when total revenues and expenses in respect of the service and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Company. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the service.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

Other operating income comprises items of a secondary nature as regards the principal activities of the enterprise, including profit from the disposal of intangible and tangible assets.

Other external expenses comprise indirect production costs and expenses incurred for distribution, sales, administration and premises as well as office expenses, etc.

Staff expenses

Staff expenses include salaries and wages, including holiday allowances, pensions, and other social security expenses, etc., for staff members. Staff expenses are less government reimbursements.

Other operating expenses

Other operating expenses comprise items of secondary nature as regards the principal activities of the enterprise, including losses on the disposal of intangible and tangible assets.

Financial income and expenses

Financial income and expenses are recognised in the income statement with the amounts concerning the financial year.

Tax on profit/loss for the year

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

Accounting policies

Statement of financial position

Investments

Deposits

Deposits are measured at amortised cost and represent lease deposits, etc.

Receivables

Receivables are measured at amortised cost, which usually corresponds to nominal value.

In order to meet expected losses, impairment takes place at the net realisable value. The company has chosen to use IAS 39 as a basis for interpretation when recognising impairment of financial assets, which means that impairments must be made to offset losses where an objective indication is deemed to have occurred that an account receivable or a portfolio of accounts receivable is impaired. If an objective indication shows that an individual account receivable has been impaired, an impairment takes place at individual level.

Impairment losses are calculated as the difference between the carrying amount of accounts receivable and the present value of the expected cash flows, including the realisable value of any securities received. The effective interest rate for the individual account receivable or portfolio is used as the discount rate.

Prepayments

Prepayments recognised under assets comprise incurred prepaid costs concerning rent, insurance premiums, subscriptions and interest.

Equity

Income tax and deferred tax

Current tax liabilities and current tax receivable are recognised in the statement of financial position as calculated tax on the taxable income for the year, adjusted for tax of previous years' taxable income and for tax paid on account.

Deferred tax is measured on the basis of temporary differences in assets and liabilities with a focus on the statement of financial position. Deferred tax is measured at net realisable value.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation prevailing in the respective countries on the reporting date when the deferred tax is expected to be released as current tax. Changes in deferred tax due to changed tax rates are recognised in the income statement, except for items included directly in the equity.

Accounting policies

Deferred tax assets, including the tax value of tax losses allowed for carryforward, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit. Any deferred net tax assets are measured at net realisable value.

Liabilities other than provisions

Liabilities concerning payables to suppliers, group enterprises, and other payables are measured at amortised cost which usually corresponds to the nominal value.

Income statement 1 January - 31 December

All amounts in EUR.

<u>Note</u>	<u>2020</u>	<u>2019</u>
Gross profit	935.826	1.063.930
1 Staff expenses	<u>-809.028</u>	<u>-900.427</u>
Profit before financial income and expenses	126.798	163.503
Financial income from group enterprises	41.594	0
Financial income	12.659	6.264
Other financial expenses	<u>-8.756</u>	<u>-19.616</u>
Profit before tax	172.295	150.151
2 Tax on profit for the year	<u>-40.918</u>	<u>-42.504</u>
Net profit or loss for the year	131.377	107.647
Proposed appropriation of net profit:		
Transferred to retained earnings	<u>131.377</u>	<u>107.647</u>
Total allocations and transfers	131.377	107.647

Statement of financial position at 31 December

All amounts in EUR.

<u>Note</u>	<u>2020</u>	<u>2019</u>
Assets		
Non-current assets		
Deposits	39.425	38.999
Total investments	39.425	38.999
Total non-current assets	39.425	38.999
Current assets		
Trade receivables	1.465.471	2.201.291
Receivables from group enterprises	2.325.921	1.855.871
Deferred tax assets	5.341	7.121
Prepayments	8.268	20.353
Total receivables	3.805.001	4.084.636
Cash at bank and in hand	95.872	137.134
Total current assets	3.900.873	4.221.770
Total assets	3.940.298	4.260.769

Statement of financial position at 31 December

All amounts in EUR.

<u>Note</u>	<u>2020</u>	<u>2019</u>
Equity and liabilities		
Equity		
Share capital	66.997	66.997
Retained earnings	2.714.484	2.583.107
Total equity	<u>2.781.481</u>	<u>2.650.104</u>
Liabilities other than provisions		
Other payables	85.572	31.418
Total long term liabilities other than provisions	<u>85.572</u>	<u>31.418</u>
Trade payables	24.115	46.292
Payables to group enterprises	500.663	901.061
Corporation tax payable	22.306	24.987
Other payables	526.161	606.907
Total short term liabilities other than provisions	<u>1.073.245</u>	<u>1.579.247</u>
Total liabilities other than provisions	<u>1.158.817</u>	<u>1.610.665</u>
Total equity and liabilities	<u>3.940.298</u>	<u>4.260.769</u>

3 Charges and security

4 Contingencies

Statement of changes in equity

All amounts in EUR.

	<u>Contributed capital</u>	<u>Retained earnings</u>	<u>Total</u>
Equity 1 January 2019	66.997	2.475.460	2.542.457
Profit or loss for the year brought forward	<u>0</u>	<u>107.647</u>	<u>107.647</u>
Equity 1 January 2020	66.997	2.583.107	2.650.104
Profit or loss for the year brought forward	<u>0</u>	<u>131.377</u>	<u>131.377</u>
	<u>66.997</u>	<u>2.714.484</u>	<u>2.781.481</u>

Notes

All amounts in EUR.

	<u>2020</u>	<u>2019</u>
1. Staff expenses		
Salaries and wages	705.936	782.242
Pension costs	89.449	86.760
Other costs for social security	6.116	6.139
Other staff costs	7.527	25.286
	<u>809.028</u>	<u>900.427</u>
Average number of employees	<u>9</u>	<u>10</u>
2. Tax on profit for the year		
Tax of the results for the year, parent company	39.138	35.970
Adjustment for the year of deferred tax	1.780	2.373
Adjustment of tax for previous years	<u>0</u>	<u>4.161</u>
	<u>40.918</u>	<u>42.504</u>

3. Charges and security

The Company has issued mortgages registered to the owners totalling EUR 39 as security for rent. The mortgages registered to the owners provide security on land and buildings as well as property, plant and equipment.

4. Contingencies

Contingent liabilities

Lease liabilities

The Company has a total of TEUR 92 of future lease payments under operating leases. The Company has a lease payment of TEUR 39 within 1 year and TEUR 53 within 1 and 5 years.